

PREVAILED

Roll Call No. \_\_\_\_\_

FAILED

Ayes \_\_\_\_\_

WITHDRAWN

Noes \_\_\_\_\_

RULED OUT OF ORDER

## HOUSE MOTION \_\_\_\_\_

MR. SPEAKER:

I move that Engrossed Senate Bill 123 be amended to read as follows:

- 1           Page 3, between lines 37 and 38, begin a new paragraph and insert:  
2           "SECTION 2. IC 2-3.5-2-10 IS AMENDED TO READ AS  
3           FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 10. "Salary" means:  
4           (1) the salary; and  
5           (2) the business per diem allowance and the subsistence  
6           allowance treated as compensation for federal income tax  
7           purposes;  
8           paid to a participant by the state, determined without regard to any  
9           salary reduction agreement established under Section 125 **or Section**  
10          **457** of the Internal Revenue Code.  
11          SECTION 3. IC 2-3.5-5-2 IS AMENDED TO READ AS  
12          FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 2. (a) The defined  
13          contribution fund consists of the following:  
14               (1) Each participant's contributions to the fund.  
15               (2) Contributions made to the fund on behalf of the participants  
16               under section 5 of this chapter.  
17               (3) Amounts transferred to the fund under subsections (b) and (c).  
18               (4) All gifts, grants, devises, and bequests in money, property, or  
19               other form made to the fund.  
20               (5) All earnings on investments or on deposits of the funds.  
21               (6) All contributions or payments to the fund made in a manner  
22               provided by the general assembly.  
23          (b) On **any** July 1 following the date a participant begins  
24          participation in the defined contribution fund, if the participant has

1 been before that date a member of PERF, any amount in the PERF  
 2 annuity savings account credited to the participant may at the  
 3 participant's irrevocable option be transferred **one (1) time** to the  
 4 defined contribution fund for the benefit of the participant. At no other  
 5 time, if the participant continues or begins to participate in PERF, may  
 6 such a transfer be made.

7 (c) On **any** July 1 following the date a participant begins  
 8 participation in the defined contribution fund, if the participant has  
 9 been before that date a member of TRF, the amount in the TRF annuity  
 10 savings account credited to the participant may at the participant's  
 11 irrevocable election be transferred **one (1) time** to the defined  
 12 contribution fund for the benefit of the participant. At no other time, if  
 13 the participant continues or begins to participate in TRF, may the  
 14 transfer be made.

15 (d) Each participant shall be credited individually with:

16 (1) the participant's contributions to the fund under section 4 of  
 17 this chapter, which shall be credited to the ~~employee contribution~~  
 18 **participant's** account;

19 (2) the contributions made to the fund on behalf of the participant  
 20 under section 5 of this chapter, which shall be credited to the  
 21 ~~employer contribution~~ **participant's** account;

22 (3) the amount transferred to the fund under subsections (b) and  
 23 (c), which shall be credited to the ~~employee contribution~~  
 24 **participant's** account; and

25 (4) the net earnings on ~~each of~~ the participant's accounts,  
 26 determined ~~and credited annually~~ under section 3 of this chapter.

27 SECTION 4. IC 2-3.5-5-3 IS AMENDED TO READ AS  
 28 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 3. (a) **The PERF**  
 29 **board shall establish alternative investment programs within the**  
 30 **fund, based on the following requirements:**

31 (1) **The PERF board shall maintain at least one (1) alternative**  
 32 **investment program that is an indexed stock fund and one (1)**  
 33 **alternative investment program that is a bond fund.**

34 (2) **The programs should represent a variety of investment**  
 35 **objectives.**

36 (3) **The programs may not permit a member to withdraw**  
 37 **money from the member's account, except as provided in**  
 38 **section 6 of this chapter.**

39 (4) **All administrative costs of each alternative program shall**  
 40 **be paid from the earnings on that program.**

41 (5) **A valuation of each member's account must be completed**  
 42 **as of the last day of each quarter.**

43 (b) **A member shall direct the allocation of the amount credited**  
 44 **to the member among the available alternative investment funds,**  
 45 **subject to the following conditions:**

46 (1) **A member may make a selection or change an existing**

1 selection at any time, but not more than four (4) times in a  
2 twelve (12) month period.

3 (2) The PERF board shall implement the member's selection  
4 beginning the first day of next calendar quarter that begins at  
5 least thirty (30) days after the selection is received by the  
6 PERF board. This date is the effective date of the member's  
7 selection.

8 (3) A member may select any combination of the available  
9 investment funds, in ten percent (10%) increments.

10 (4) A member's selection remains in effect until a new  
11 selection is made.

12 (5) On the effective date of a member's selection, the board  
13 shall reallocate the member's existing balance or balances in  
14 accordance with the member's direction, based on the market  
15 value on the effective date.

16 (6) If a member does not make an investment selection of the  
17 alternative investment programs, the member's account shall  
18 be invested in the bond fund.

19 (7) All contributions to the member's account shall be  
20 allocated as of the last day of the quarter in which the  
21 contributions are received in accordance with the member's  
22 most recent effective direction. The PERF board shall not  
23 reallocate the member's account at any other time.

24 (c) When a member transfers the amount credited to the  
25 member from one (1) alternative investment program to another  
26 alternative investment program, the amount credited to the  
27 member shall be valued at the market value of the member's  
28 investment, as of the day before the effective date of the member's  
29 selection. When a member retires, becomes disabled, dies, or  
30 withdraws from the fund, the amount credited to the member shall  
31 be the market value of the member's investment as of the last day  
32 of the quarter preceding the member's distribution or  
33 annuitization at retirement, disability, death, or withdrawal, plus  
34 contributions received after that date.

35 (d) The PERF board shall ~~annually~~ determine the fair market value  
36 of ~~each alternative program in~~ the defined contribution fund, as of  
37 the ~~allocation date; last day of each calendar quarter~~, as follows:

38 (1) The ~~current~~ fair market value shall exclude the employer  
39 contributions and employee contributions ~~made on account of~~  
40 ~~received during~~ the year quarter ending on the current  
41 allocation date.

42 (2) The fair market value as of the immediately preceding  
43 ~~allocation quarter end~~ date shall include the employer  
44 contributions and employee contributions ~~made on account of~~  
45 ~~received during~~ that preceding year quarter.

46 (3) The fair market value as of the immediately preceding

allocation quarter end date shall exclude benefits paid from the fund during the year quarter ending on the current allocation quarter end date.

(b) The PERF board shall allocate the difference in fair market value between the immediately preceding and the current allocation date to the accounts of the participants in the same proportion that the balance of each participant's account as of the current allocation date (excluding employer contributions and employee contributions made on account of the year ending on the current allocation date) bears to the balance of all participants' accounts as of the current allocation date (excluding employer contributions and employee contributions made on account of the year ending on the current allocation date):

SECTION 5. IC 2-3.5-5-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 6. (a) A participant who terminates service as a member of the general assembly is entitled to withdraw both the participant's employee contribution account and employer contribution account from the defined contribution fund. The withdrawal shall be made on the later of the first day of the month following termination of service or thirty (30) days after the board receives a request for withdrawal from the fund. The amount available for the withdrawal shall be the fair market value of the participant's accounts on the June 30 preceding the date of withdrawal plus employee contributions deducted since the June 30 preceding the date of withdrawal.

(b) The withdrawal amount shall be paid in a lump sum, ~~or as an actuarially equivalent~~ a monthly annuity as ~~offered~~ **purchased** by the PERF board ~~and with the withdrawal amount, or a series of monthly installment payments over sixty (60), one hundred twenty (120), or one hundred eighty (180) months,~~ as elected by the participant. The forms of annuity **and installments** shall be established by the PERF board by rule, in consultation with the system's actuary.

SECTION 6. IC 2-3.5-5-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 7. (a) This section applies to a participant who dies while a member of the general assembly, or who dies after terminating service as a member of the general assembly and prior to withdrawing the participant's account from the defined contribution fund. The participant's employee contribution account and the participant's employer contribution account shall be paid to a beneficiary or the beneficiaries designated on a form prescribed by the board. The amount paid shall be the fair market value of the participant's accounts on the June 30 preceding the date of payment, plus employee contributions deducted since the June 30 preceding the date of payment. If there is no properly designated beneficiary, or if no beneficiary survives the participant, the participant's accounts shall be paid to:

(1) the surviving spouse of the participant;

- 1 (2) if there is no surviving spouse, a surviving dependent or the  
2 surviving dependents of the participant; or  
3 (3) if there is no surviving spouse and no surviving dependent, the  
4 estate of the participant.
- 5 (b) Amounts payable under this section shall be paid in a lump sum,  
6 ~~or in an actuarially equivalent~~ a monthly annuity as ~~offered~~ **purchased**  
7 by the PERF board ~~and with the withdrawal amount, or a series of~~  
8 **monthly installment payments over sixty (60) months**, as elected by  
9 the recipient. The forms of annuity **and installments** available shall be  
10 established by the PERF board by rule, in consultation with the  
11 system's actuary.".
- 12 Renumber all SECTIONS consecutively.  
(Reference is to ESB 123 as printed April 6, 1999.)

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Representative Linder